



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

BOARD OF SUPERVISORS

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First District

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December 4, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 2 TO DELINQUENT PATIENT  
ACCOUNT COLLECTION LETTER SERVICES AGREEMENTS WITH  
COMPUTER CREDIT, INC. AND USCB, INC.**

(All Districts) (3 votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 2 to Delinquent Patient Account Collection Letter Services Agreements with Computer Credit, Inc. (CCI) (County Contract No. H210688) and USCB, Inc. (USCB) (County Contract No. H210634), substantially similar to Exhibits I and II, to: 1) extend the term effective January 1, 2004 through June 30, 2004, with an optional month-to-month extension through September 30, 2004; 2) provide for an increased payment rate paid to CCI and USCB of \$2.09 and \$1.94 respectively, per delinquent patient account processed (including payment for special circumstance accounts processed by USCB); and 3) allow for future payment rate increases to reflect any increases in the United States (U.S.) postal rate for the continued provision of contractor provided processing of Department of Health Services facility delinquent patient account letters, at a total estimated net County cost of \$264,425, for the period of January 1, 2004 through June 30, 2004 (or a total estimated net County cost of \$528,850 per Fiscal Year [FY]).

**PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:**

The purpose of the recommended action is to obtain Board approval of term extensions and payment rate adjustments to the Delinquent Patient Account Collection Letter Services Agreements with CCI and USCB. The term extension(s) will allow for the continued provision of contractor provided preparation

and transmission of collection letters to County patients with delinquent accounts to supplement the Department of Health Services' (DHS or Department) collection efforts in generating incremental net revenue. The payment rate adjustments will allow for the payment for services to remain consistent if the U.S. postal rate increases any time during the term of the Amendment. (Note: the Department has found that it has a greater success rate in collecting on delinquent patient accounts when collection letters are sent out by a collection agency, such as CCI and USCB, in addition to the initial letters sent out directly by the Department itself.)

FISCAL IMPACT/FINANCING:

Estimated number of accounts to be referred to CCI each six months is 76,395 at a total cost of  $(76,395 \times \$2.09) = \$159,665$ ; and to USCB is 54,000 accounts, at a total cost of  $(54,000 \times \$1.94) = \$104,760$ , respectively. Total estimated net County cost for the two agreements for the period of January 1, 2004 through June 30, 2004, will be \$264,425 (or a total estimated net County cost of \$528,850 per FY), which is included in the Department's FY 2003-04 Adopted Budget, and will be requested as part of a continuing appropriation in future FYs.

FACTS AND PROVISIONS\LEGAL REQUIREMENTS:

On September 26, 1996, the Board approved agreements awarded as a result of a Request for Information (RFI) competitive selection process to CCI and USCB, for the period of September 26, 1996 through June 30, 1997, with provisions for automatic renewals through June 30, 1999. On July 6, 1999, the Board approved Delinquent Patient Account Collection Letter Services Agreements with CCI and USCB for the period of July 1, 1999 through June 30, 2000, with provisions for automatic renewals through June 30, 2003. On June 17, 2003, the Board approved Amendment No. 1 to the Delinquent Patient Account Collection Letter Services Agreements with CCI and USCB, to extend the term effective July 1, 2003 through December 31, 2003, and to add recently Board mandated provisions.

CCI is currently providing services to Harbor/UCLA Medical Center, LAC+USC Medical Center, King/Drew Medical Center, Olive View/UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. USCB is providing services to the DHS Comprehensive Health Centers and Public Health Centers. However, CCI and USCB are not contractually restricted from providing services to any County hospital.

It is estimated that of the 152,790 annual accounts referred to CCI and the 108,000 annual accounts referred to USCB, \$5,699,000 in annual revenue (i.e., delinquent billings paid) will be generated.

This Amendment No. 2 will allow the DHS time to initiate and complete a new Request for Information (RFI) competitive selection process for delinquent patient account collection letter services.

The Amendments (Exhibits I and II) have been reviewed and approved as to form by County Counsel.

Attachment A provides additional information.

The Honorable Board of Supervisors  
December 4, 2003  
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CONTRACTING PROCESS:

It is not appropriate to advertise amendments on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended action will ensure that delinquent patient account collection letter services continue uninterrupted through September 30, 2004.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

Thomas L. Garthwaite, M.D.  
Director of Health Services

TLG:pm

Attachments (3)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

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**SUMMARY OF AGREEMENT**1. **TYPE OF SERVICE:**

Delinquent Patient Account Collect Letter Services assists DHS facilities by providing them with a supplemental means (i.e., using a collection agency) to prepare and transmit collection letters to County patients with delinquent accounts. The Department has found that it has a greater success rate in collecting on delinquent patient accounts when collection letters are sent out by a collection agency, such as CCI and USCB, in addition to the initial collection letters sent out directly by the Department itself.

2. **AGENCY ADDRESSES AND CONTACT PERSONS:**

Computer Credit, Inc.  
640 West 4th Street  
Winston-Salem, North Carolina 27101  
Attention: Mr. J. Gilmour Lake,  
President  
Telephone/Facsimile (FAX) Number: (336) 761-1524/FAX: (336) 761-8852  
Electronic-Mail (E-Mail) Address: None

USCB, Inc.  
125 South Vermont Avenue  
Los Angeles, California 90004  
Attention: Mr. Albert Cadena,  
Vice President, Health Services  
Telephone/Facsimile (FAX) Number: (213) 387-6181/FAX (213) 739-7630  
E-Mail Address: acadena@uscbinc.com

3. **TERM:**

January 1, 2004 through June 30, 2004, with an optional month-to-month extension through September 30, 2004.

4. **FINANCIAL INFORMATION:**

Estimated number of accounts to be referred to CCI each six months is 76,395 at a total cost of  $(76,395 \times \$2.09) = \$159,665$ ; and to USCB is 54,000 accounts, at a total cost of  $(54,000 \times \$1.94) = \$104,760$ , respectively. Total estimated net County cost for the two agreements for the period of January 1, 2004 through June 30, 2004, will be \$264,425 (or a total estimated net County cost of \$528,850 per Fiscal Year [FY]), which is included in the Department's FY 2003-04 Adopted Budget, and will be requested as part of a continuing appropriation in future FYs.

5. **ACCOUNTABLE FOR MONITORING AND EVALUATION:**

Patricia Adams, Chief, Revenue Management

6. **APPROVALS:**

Finance: Gary W. Wells, Director of Finance

Contracts and Grants Division: Riley J. Austin, Acting Chief

County Counsel (approval as to form): Irene E. Riley, Deputy County Counsel

**EXHIBIT I**

Contract No. H210688-2

DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2003,

by and between                      COUNTY OF LOS ANGELES (hereafter  
   "County"),  
  
and                                      COMPUTER CREDIT, INC. (hereafter  
   "Contractor")

WHEREAS, reference is made to that certain document entitled  
"DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES", dated  
July 6, 1999, and further identified as County Agreement No.  
H210688, and any amendments thereto, (all hereafter "Agreement");  
and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend the term and to make other hereafter  
described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on January 1, 2004.

2. The term of this Agreement is hereby extended six (6) months from January 1, 2004 through June 30, 2004, with an optional month-to-month extension through September 30, 2004, without further action by the parties unless sooner terminated or canceled as provided in this Agreement hereinbelow.

Notwithstanding any other termination provision found within this Agreement, either party may cancel or terminated this Agreement at any time, for any reason, during this Agreement term, by giving written notice to the other of such cancellation or termination. Such notice must be delivered to the other party at least thirty (30) calendar days prior to the cancellation or termination date. Written notice of such cancellation or termination must be delivered via facsimile ("FAX") transmission and/or by United States ("U.S.") Mail (e.g., Certified, U.S. Express, U.S. Priority, or Registered Mail, return receipt requested).

3. Paragraph 3, PAYMENT, shall be amended to now read as follows:

"3. PAYMENT: Contractor shall bill County in arrears for services provided by Contractor. County shall pay Contractor Two Dollars Nine Cents (\$2.09) for each delinquent patient account processed, which shall consist of a series of one (1) to three (3) collection letters prepared

and issued (i.e., mailed) by Contractor to patient. County agrees, if the U.S. postage rate is increased at any time during the term of this Amendment, County shall similarly increase/adjust its payment to Contractor for each delinquent patient account processed by the same amount, upon the effective date of such an increase by the U.S. Postal Service.

Billings by Contractor to County shall identify the month, day, and year of billing, invoice reference number, any adjustments credited to each account with explanations, and beginning and ending invoice balances. Billings shall be made and forwarded to County to the address stipulated by County Hospital requesting services and in accordance with Paragraph 2, above. County shall pay Contractor within a reasonable time following receipt of complete and correct billing."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this  
Amendment to be subscribed in its behalf by its duly authorized  
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

\_\_\_\_\_  
COMPUTER CREDIT, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
LLOYD W. PELLMAN  
County Counsel

By \_\_\_\_\_  
Deputy

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Acting Chief, Contracts and  
Grants Division

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EXHIBIT II

Contract No. H210634-2

DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2003,

by and between COUNTY OF LOS ANGELES (hereafter  
"County"),  
and USCB, INCORPORATED (hereafter  
"Contractor")

WHEREAS, reference is made to that certain document entitled  
"DELINQUENT PATIENT ACCOUNT COLLECTION LETTER SERVICES", dated  
July 6, 1999, and further identified as County Agreement No.  
H210634, and any amendments thereto, (all hereafter "Agreement");  
and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend the term and to make other hereafter  
described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on January 1, 2004.

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Notwithstanding any other termination provision found within this Agreement, either party may cancel or terminated this Agreement at any time, for any reason, during this Agreement term, by giving written notice to the other of such cancellation or termination. Such notice must be delivered to the other party at least thirty (30) calendar days prior to the cancellation or termination date. Written notice of such cancellation or termination must be delivered via facsimile ("FAX") transmission and/or by United States ("U.S.") Mail (e.g., Certified, U.S. Express, U.S. Priority, or Registered Mail, return receipt requested).

3. Paragraph 3, PAYMENT, shall be amended to now read as follows:

"3. PAYMENT: Contractor shall bill County in arrears for services provided by Contractor. County shall pay Contractor One Dollar Ninety-Four Cents (\$1.94) for each delinquent patient account processed, and One Dollar Ninety-Four Cents (\$1.94) for each special circumstance account

processed, each of which shall consist of a series of one (1) to three (3) collection letters prepared and issued (i.e., mailed) by Contractor to patient. County agrees, if the U.S. postage rate is increased at any time during the term of this Amendment, County shall similarly increase/adjust its payment to Contractor for each delinquent patient account and each special circumstance account processed by the same amount, upon the effective date of such an increase by the U.S. Postal Service.

Billings by Contractor to County shall identify the month, day, and year of billing, invoice reference number, any adjustments credited to each account with explanations, and beginning and ending invoice balances. Billings shall be made and forwarded to County to the address stipulated by County Hospital requesting services and in accordance with Paragraph 2, above. County shall pay Contractor within a reasonable time following receipt of complete and correct billing."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this  
Amendment to be subscribed in its behalf by its duly authorized  
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

USCB, INCORPORATED  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL  
LLOYD W. PELLMAN  
County Counsel

By \_\_\_\_\_  
Deputy

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Acting Chief, Contracts and  
Grants Division

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